

Irvine Plant - only
Balance Sheet
Strategic Long Range Forecast (B)
(dollars in thousands)

	Restated June 30, 1997	Restated June 30, 1998	Restated June 30, 1999	Forecast June 30, 2000	Forecast June 30, 2001	Forecast June 30, 2002	Forecast June 30, 2003
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 2,924	\$ 6,074	\$ 348	\$ 849	\$ 2,307	\$ 3,180	\$ 3,703
Accounts receivable	11,316	12,511	11,616	12,733	9,859	9,984	9,920
Intercompany receivable	66	48	362	571	898	1,252	1,394
Inventories:							
Work in process	11,594	10,714	10,382	12,992	8,542	8,949	9,031
Raw materials	1,035	1,047	998	900	900	900	900
Supplies	1,959	2,288	2,084	2,000	2,000	2,000	2,000
Total Inventories	14,588	14,049	13,464	15,892	11,442	11,849	11,931
Prepaid expenses	510	558	73	550	500	500	500
Deferred income taxes	259	306	-	-	-	-	-
Total Current Assets	29,663	33,546	25,863	30,595	25,006	26,765	27,448
Property, Plant and Equipment - net	21,446	22,897	25,787	26,318	27,407	28,370	29,191
Investment in Subsidiaries	5,138	6,785	6,727	6,746	6,746	6,746	6,746
Deferred Income Taxes	6,734	6,236	-	-	-	-	-
Other Assets	9,905	9,141	8,684	8,159	7,649	7,140	6,632
Goodwill	4,619	4,418	4,217	4,016	3,815	3,615	3,414
TOTAL ASSETS	\$ 77,505	\$ 83,023	\$ 71,278	\$ 75,834	\$ 70,623	\$ 72,636	\$ 73,431
LIABILITIES							
Current Liabilities:							
Notes payable	\$ -	\$ -	\$ 786	\$ -	\$ -	\$ -	\$ -
Current portion of long term debt	5,047	4,759	3,228	5,889	3,775	4,221	-
Accounts payable	3,400	3,456	3,195	3,200	2,800	2,800	2,800
Salaries, wages and commissions	3,392	4,193	4,292	5,520	1,906	1,982	1,987
Accrued taxes on income	0	0	430	320	0	0	0
Accrued pension	1,010	920	114	(11)	(88)	(172)	(265)
Customer deposits	187	227	66	200	200	200	200
Deferred income taxes	-	-	-	-	-	-	-
Other accrued liabilities	3,595	3,753	4,174	3,618	3,891	4,077	4,100
Total Current Liabilities	16,631	17,308	16,285	18,736	12,484	13,108	8,822
Long Term Debt	8,620	17,112	13,884	7,995	4,221	-	-
Pension and Other Noncurrent Liabilities	1,278	324	(819)	(1,006)	(956)	(1,063)	(1,063)
Postretirement and Postemployment Benefits							
Other Than Pensions	32,119	32,686	32,643	33,694	34,193	34,711	35,166
Intercompany Payables	14,659	9,890	8,164	12,952	13,954	13,953	13,932
TOTAL LIABILITIES	73,307	77,320	70,157	72,371	63,896	60,709	56,857
SHAREHOLDERS' EQUITY							
Common Stock	0	0	0	0	0	0	0
Additional Paid in Capital	1,601	1,601	1,601	1,601	1,601	1,601	1,601
Retained Earnings (Deficit)	2,554	4,629	(466)	1,816	5,080	10,280	14,927
Minimum Pension Liability Adjustment	0	(571)	0	0	0	0	0
Foreign Currency Translation Adjustment	43	44	(14)	46	46	46	46
Treasury Stock	0	0	0	0	0	0	0
TOTAL SHAREHOLDERS' EQUITY	4,198	5,703	1,121	3,463	6,727	11,927	16,574
TOTAL LIABILITIES AND EQUITY	\$ 77,505	\$ 83,023	\$ 71,278	\$ 75,834	\$ 70,623	\$ 72,636	\$ 73,431
WORKING CAPITAL	\$ 13,032	\$ 16,238	\$ 9,578	\$ 11,859	\$ 12,522	\$ 13,657	\$ 18,626

National Forge Company
Irvine Plant - only
Statement of Cash Flows
Strategic Long Range Forecast (B)
(dollars in thousands)

	Restated FY 1997	Restated FY 1998	Restated FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Cash Flows From Operating Activities:							
Net income (loss)	\$3,505	\$1,854	(\$5,095)	\$2,282	\$3,264	\$5,200	\$4,647
Adjustment to reconcile net income to net cash provided by operating activities:							
Provision for stock to be issued to the ESOP Trust	5,600	5,100	5,400	6,324	2,700	1,309	1,300
Depreciation	1,788	2,062	2,290	2,671	2,911	3,037	3,179
Amortization	1,093	2,132	728	724	711	708	708
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	3,087	(1,195)	895	(1,117)	2,874	(125)	64
(Increase) decrease in inventories	3,383	539	585	(2,428)	4,450	(407)	(82)
(Increase) decrease in prepaid expenses	(456)	(48)	485	(477)	50	0	0
Increase (decrease) in accounts payable	(722)	56	(261)	5	(400)	0	0
Increase (decrease) in income taxes	(165)	0	430	(110)	(320)	0	0
Increase (decrease) in customer deposits	47	40	(161)	134	0	0	0
Increase (decrease) in all other current liabilities (excluding borrowings)	(4,851)	(4,231)	(5,686)	547	(3,418)	178	(65)
Other net	(723)	(3,321)	5,915	847	549	412	456
Net Cash Provided By (Used For) Operating Activities	11,586	2,988	5,525	9,402	13,371	10,312	10,207
Cash Flows From Investing Activities:							
(Additions) reductions of property, plant and equipment	(4,750)	(3,513)	(5,180)	(3,202)	(4,000)	(4,000)	(4,000)
Net Cash Used In Investing Activities	(4,750)	(3,513)	(5,180)	(3,202)	(4,000)	(4,000)	(4,000)
Cash Flows From Financing Activities:							
Additional (repayment of) borrowings	(6,782)	8,204	(3,973)	(4,014)	(5,888)	(3,775)	(4,221)
Increase (decrease) in intercompany account	5,077	(4,751)	(2,040)	(1,745)	(2,025)	(1,664)	(1,463)
Net Cash Provided By Financing Activities	(1,705)	3,453	(6,013)	(5,759)	(7,913)	(5,439)	(5,684)
Change in cumulative foreign currency translation adjustment	394	222	(58)	60	0	0	0
Restatement of inventories to a FIFO basis	(3,114)	0	0	0	0	0	0
Increase (Decrease) In Cash And Cash Equivalents	\$2,411	\$3,150	(\$5,726)	\$501	\$1,458	\$873	\$523

National Forge Components, Inc.
Results of Operations
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual 2 Months FY 1997	Actual FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Sales-customers	\$ 38	348	297	510	526	557	595
Sales-intercompany	1	4	1	-	-	-	-
Net Sales	<u>39</u>	<u>352</u>	<u>298</u>	<u>510</u>	<u>526</u>	<u>557</u>	<u>595</u>
Cost of sales:							
Material		-	-	64	67	73	81
Labor	8	65	74	124	132	138	145
Overhead	15	62	130	127	127	130	131
Cost of sales	<u>23</u>	<u>127</u>	<u>204</u>	<u>315</u>	<u>326</u>	<u>341</u>	<u>357</u>
Gross profit	<u>16</u>	<u>225</u>	<u>94</u>	<u>195</u>	<u>200</u>	<u>216</u>	<u>238</u>
Gross profit %	41.0%	63.9%	31.5%	38.2%	38.0%	38.8%	40.0%
Administrative	15	62	66	75	69	69	70
Operating profit	<u>1</u>	<u>163</u>	<u>28</u>	<u>120</u>	<u>131</u>	<u>147</u>	<u>168</u>
Operating profit %	2.6%	46.3%	9.4%	23.5%	24.9%	26.4%	28.2%
Other expense (income)			-	(2)	(27)	(27)	(27)
Interest expense	-	1	(3)	13	14	13	12
Pre-tax profit	<u>1</u>	<u>162</u>	<u>31</u>	<u>109</u>	<u>144</u>	<u>161</u>	<u>183</u>
Pre-tax profit %	2.6%	46.0%	10.4%	21.4%	27.4%	28.9%	30.8%
Taxes	-	66	17	4	5	5	5
Net Income	<u>\$ 1</u>	<u>\$ 96</u>	<u>\$ 14</u>	<u>\$ 105</u>	<u>\$ 139</u>	<u>\$ 156</u>	<u>\$ 178</u>
Depreciation	<u>\$ 1</u>	<u>\$ 6</u>	<u>9</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 12</u>
Dividends Paid				100	150	150	175

National Forge Components, Inc.
Balance Sheet
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual June 30, 1997	Actual June 30, 1998	Actual June 30, 1999	Forecast June 30, 2000	Forecast June 30, 2001	Forecast June 30, 2002	Forecast June 30, 2003
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 1	\$ 1	\$ -	\$ 1	\$ -	\$ 1	\$ 1
Accounts receivable	37	39	53	95	88	93	99
Intercompany receivable	-	-	-	-	-	-	-
Inventories:							
Work in process	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Total Inventories	-	-	6	6	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Total Current Assets	38	40	59	102	88	94	100
Property, Plant and Equipment - net	63	61	87	75	63	51	39
Deferred Income Taxes	-	(1)	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 101</u>	<u>\$ 100</u>	<u>\$ 146</u>	<u>\$ 177</u>	<u>\$ 151</u>	<u>\$ 145</u>	<u>\$ 139</u>
LIABILITIES							
Current Liabilities:							
Notes payable	-	-	-	-	-	-	-
Current portion of long term debt	-	-	4	-	-	-	-
Accounts payable	-	-	5	3	-	-	-
Salaries, wages and commissions	-	-	-	-	-	-	-
Accrued taxes on income	0	47	(6)	5	5	5	5
Other accrued liabilities	31	3	-	1	-	-	-
Total Current Liabilities	31	50	3	9	5	5	5
Intercompany Payables	68	(48)	131	151	140	128	119
TOTAL LIABILITIES	<u>99</u>	<u>2</u>	<u>134</u>	<u>160</u>	<u>145</u>	<u>133</u>	<u>124</u>
SHAREHOLDERS' EQUITY							
Common Stock	1	1	1	1	1	1	1
Additional Paid in Capital	0	0	-	-	-	-	-
Retained Earnings (Deficit)	1	97	11	16	5	11	14
Foreign Currency Translation Adjustment	-	-	-	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	<u>2</u>	<u>98</u>	<u>12</u>	<u>17</u>	<u>6</u>	<u>12</u>	<u>15</u>
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY	<u>\$ 101</u>	<u>\$ 100</u>	<u>\$ 146</u>	<u>\$ 177</u>	<u>\$ 151</u>	<u>\$ 145</u>	<u>\$ 139</u>
WORKING CAPITAL	<u>\$ 7</u>	<u>\$ (10)</u>	<u>\$ 56</u>	<u>\$ 93</u>	<u>\$ 83</u>	<u>\$ 89</u>	<u>\$ 95</u>

National Forge Components, Inc.
Statement of Cash Flows
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual FY 1997	Actual FY 1998	Actual FY FY1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Cash Flows From Operating Activities:							
Net income (loss)	\$1	\$96	\$14	\$105	\$139	\$156	\$178
Adjustment to reconcile net income to net cash provided by operating activities:							
Depreciation	1	6	9	12	12	12	12
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(37)	(2)	(14)	(42)	7	(5)	(6)
(Increase) decrease in inventories	0	0	0	0	0	0	0
(Increase) decrease in prepaid expenses	0	0	(6)	0	6	0	0
Increase (decrease) in accounts payable	0	0	4	(4)	0	0	0
Increase (decrease) in income taxes	0	47	(53)	11	0	0	0
Increase (decrease) in all other current liabilities (excluding borrowings)	31	(28)	2	(1)	(4)	0	0
Other net	0	1	(1)	0	0	0	0
Net Cash Provided By (Used For) Operating Activities	(4)	120	(45)	81	160	163	184
Cash Flows From Investing Activities:							
Additions) reductions of property, plant and equipment	(64)	(4)	(35)	0	0	0	0
Net Cash Used In Investing Activities	(64)	(4)	(35)	0	0	0	0
Cash Flows From Financing Activities:							
Additional (repayment of) borrowings	0	0	0	0	0	0	0
Issuance of stock	1	0	0	0	0	0	0
Dividend payment			(100)	(100)	(150)	(150)	(175)
Increase (decrease) in intercompany account	68	(116)	179	20	(11)	(12)	(9)
Net Cash Provided By Financing Activities	69	(116)	79	(80)	(161)	(162)	(184)
Increase (Decrease) In Cash And Cash Equivalents	\$1	\$0	(\$1)	\$1	(\$1)	\$1	\$0

Mitchell, Shackleton & Co. LTD.
A Subsidiary of National Forge Europe Ltd.
Results of Operations
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual FY 1997	Actual FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Sales-customers	\$ 8,612	\$ 8,879	\$ 8,592	\$ 8,437	\$ 10,571	\$ 12,150	\$ 13,349
Sales-intercompany	-	-	31	2	-	-	-
Net Sales	<u>\$ 8,612</u>	<u>\$ 8,879</u>	<u>\$ 8,623</u>	<u>\$ 8,439</u>	<u>\$ 10,571</u>	<u>\$ 12,150</u>	<u>\$ 13,349</u>
Cost of sales:							
Material	2,438	2,811	2,874	2,942	4,110	4,954	5,399
Labor	1,213	1,166	1,196	1,128	1,361	1,490	1,644
Overhead	2,869	3,148	3,065	2,486	2,659	2,846	3,165
Errors and defects	145	172	110	261	312	311	311
Cost of sales	<u>6,665</u>	<u>7,297</u>	<u>7,245</u>	<u>6,817</u>	<u>8,442</u>	<u>9,601</u>	<u>10,519</u>
Gross profit	<u>1,947</u>	<u>1,582</u>	<u>1,378</u>	<u>1,622</u>	<u>2,129</u>	<u>2,549</u>	<u>2,830</u>
Gross Profit %	22.6%	17.8%	16.0%	19.2%	20.1%	21.0%	21.2%
Selling and Administrative	1,223	1,247	1,406	1,318	1,535	1,640	1,736
Operating profit	<u>724</u>	<u>335</u>	<u>(28)</u>	<u>304</u>	<u>594</u>	<u>909</u>	<u>1,094</u>
Operating Profit %	8.4%	3.8%	-0.3%	3.6%	5.6%	7.5%	8.2%
Other expense (income)	2	-	3	-	-	-	-
Interest expense	136	132	142	100	157	158	110
Pre-tax profit	<u>586</u>	<u>203</u>	<u>(173)</u>	<u>204</u>	<u>437</u>	<u>751</u>	<u>984</u>
Pre-tax profit %	<u>6.8%</u>	<u>2.3%</u>	<u>-2.0%</u>	<u>2.4%</u>	<u>4.1%</u>	<u>6.2%</u>	<u>7.4%</u>
Taxes	268	67	-	-	-	137	304
Net Income	<u>\$ 318</u>	<u>\$ 136</u>	<u>\$ (173)</u>	<u>\$ 204</u>	<u>\$ 437</u>	<u>\$ 614</u>	<u>\$ 680</u>
Depreciation	<u>\$ 305</u>	<u>\$ 341</u>	<u>\$ 355</u>	<u>\$ 389</u>	<u>\$ 454</u>	<u>\$ 541</u>	<u>\$ 585</u>
Exchange rate	1.50	1.65	1.62	1.62	1.62	1.62	1.62

Mitchell, Shackleton & Co. LTD.
A Subsidiary of National Forge Europe Ltd.

Balance Sheet
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual June 30, 1997	Actual June 30, 1998	Actual June 30, 1999	Forecast June 30, 2000	Forecast June 30, 2001	Forecast June 30, 2002	Forecast June 30, 2003
ASSETS							
Current Assets:							
Cash and cash equivalents	\$ 416	\$ 245	\$ 5	\$ 3	\$ 3	\$ 3	\$ 3
Accounts receivable	1,836	2,762	2,852	2,416	2,872	3,236	3,544
Intercompany receivable	2	(28)	(85)	(73)	(89)	(89)	(89)
Inventories:							
Work in process	2,182	2,241	1,451	1,365	1,604	1,795	1,951
Raw materials	-	-	-	-	-	-	-
Supplies	72	62	50	49	49	49	49
Total Inventories	2,254	2,303	1,501	1,414	1,653	1,844	2,000
Prepaid expenses	2	12	-	-	-	-	-
Total Current Assets	4,510	5,294	4,273	3,760	4,439	4,994	5,458
Property, Plant and Equipment - net	4,050	4,157	3,835	4,080	4,985	4,930	4,831
Investment in subsidiaries	-	125	125	125	125	125	125
Deferred Income Taxes	-	-	-	-	-	-	-
Other Assets	558	619	667	685	685	685	685
TOTAL ASSETS	\$ 9,118	\$ 10,195	\$ 8,900	\$ 8,650	\$ 10,234	\$ 10,734	\$ 11,099
LIABILITIES							
Current Liabilities:							
Notes payable	\$ 75	\$ 685	\$ 885	\$ 683	\$ 720	\$ 678	\$ 237
Current portion of long term debt	524	654	418	407	277	277	233
Accounts payable	1,189	1,716	1,284	1,042	1,374	1,429	1,689
Accrued taxes on income	-	-	-	-	-	137	304
Customer deposits	118	-	27	-	-	-	-
Other accrued liabilities	-	-	49	14	53	71	62
Deferred tax liabilities	291	369	349	358	358	358	358
Total Current Liabilities	2,197	3,424	3,012	2,504	2,782	2,950	2,883
Long Term Debt	941	649	192	94	966	684	435
Pension and Other Noncurrent Liabilities	-	-	-	-	-	-	-
Postretirement and Postemployment Benefits	-	-	-	-	-	-	-
Other Than Pensions	-	-	-	-	-	-	-
Intercompany Payables	1,074	1,075	1,017	1,045	1,045	1,045	1,045
TOTAL LIABILITIES	4,212	5,148	4,221	3,643	4,793	4,679	4,363
SHAREHOLDERS' EQUITY							
Common Stock	2,708	2,708	2,708	2,708	2,708	2,708	2,708
Additional Paid in Capital	1,847	1,847	1,847	1,847	1,847	1,847	1,847
Retained Earnings (Deficit)	(858)	(722)	(895)	(691)	(254)	360	1,040
Foreign Currency Translation Adjustment	1,209	1,214	1,019	1,143	1,140	1,140	1,141
TOTAL SHAREHOLDERS' EQUITY	4,906	5,047	4,679	5,007	5,441	6,055	6,736
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY	\$ 9,118	\$ 10,195	\$ 8,900	\$ 8,650	\$ 10,234	\$ 10,734	\$ 11,099
WORKING CAPITAL	\$ 2,313	\$ 1,870	\$ 1,261	\$ 1,256	\$ 1,657	\$ 2,044	\$ 2,575
Exchange rate	1.60	1.65	1.58	1.62	1.62	1.62	1.62

Mitchell, Shackleton & Co. LTD.
A Subsidiary of National Forge Europe Ltd.
Statement of Cash Flows
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual FY 1997	Actual FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Cash Flows From Operating Activities:							
Net income (loss)	\$318	\$136	(\$173)	\$204	\$437	\$614	\$680
Adjustment to reconcile net income to net cash provided by operating activities:							
Depreciation	305	341	355	389	454	541	585
Deferred taxes	291	78	0	0	0	0	0
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	1,392	(926)	(90)	436	(456)	(364)	(308)
(Increase) decrease in inventories	(853)	(49)	802	87	(239)	(191)	(156)
(Increase) decrease in prepaid expenses	9	(10)	12	0	0	0	0
Increase (decrease) in accounts payable	(127)	527	(432)	(242)	332	55	260
Increase (decrease) in income taxes	0	0	0	0	0	137	167
Increase (decrease) in customer deposits	118	(118)	27	(27)	0	0	0
Increase (decrease) in all other current liabilities (excluding borrowings)	0	0	49	(35)	39	18	(9)
Other net	(145)	(186)	(48)	(18)	0	0	0
Cash Provided By (Used For) Operating Activities	<u>1,308</u>	<u>(207)</u>	<u>502</u>	<u>794</u>	<u>567</u>	<u>810</u>	<u>1,219</u>
Cash Flows From Investing Activities:							
(Additions) reductions of property, plant and equipment	(536)	(448)	(239)	(508)	(1,359)	(486)	(486)
Net Cash Used In Investing Activities	<u>(536)</u>	<u>(448)</u>	<u>(239)</u>	<u>(508)</u>	<u>(1,359)</u>	<u>(486)</u>	<u>(486)</u>
Cash Flows From Financing Activities:							
Additional (repayment of) borrowings	(858)	448	(493)	(311)	779	(324)	(734)
Increase (decrease) in intercompany account	100	31	(1)	16	16	0	0
Net Cash Provided By Financing Activities	<u>(758)</u>	<u>479</u>	<u>(494)</u>	<u>(295)</u>	<u>795</u>	<u>(324)</u>	<u>(734)</u>
Change in cumulative foreign currency translation adjustment	315	5	(9)	7	(3)	0	1
Increase (Decrease) In Cash And Cash Equivalents	<u>\$329</u>	<u>(\$171)</u>	<u>(\$240)</u>	<u>(\$2)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Global Crankshaft Services Ltd.
A Subsidiary of Mitchell, Shackleton & Co. LTD.
Results of Operations
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual 2 Months FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Sales-customers	\$ 23	\$ 354	\$ 832	\$ 948	\$ 1,094	\$ 1,175
Sales-intercompany	-	-	-	-	-	-
Net Sales	<u>\$ 23</u>	<u>\$ 354</u>	<u>\$ 832</u>	<u>\$ 948</u>	<u>\$ 1,094</u>	<u>\$ 1,175</u>
Cost of sales:						
Material	2	12	-	24	32	37
Labor	7	102	191	359	403	429
Overhead	13	69	259	77	97	109
Cost of sales	<u>22</u>	<u>183</u>	<u>450</u>	<u>460</u>	<u>532</u>	<u>575</u>
Gross profit	<u>1</u>	<u>171</u>	<u>382</u>	<u>488</u>	<u>562</u>	<u>600</u>
Gross Profit %	4.3%	48.3%	45.9%	51.5%	51.4%	51.1%
Selling and Administrative	21	176	223	217	264	290
Operating profit	<u>(20)</u>	<u>(5)</u>	<u>159</u>	<u>271</u>	<u>298</u>	<u>310</u>
Operating Profit %	-87.0%	-1.4%	19.1%	28.6%	27.2%	26.4%
Other expense (income)	-	-	-	-	-	-
Interest expense	-	2	5	3	10	16
Minority interest	(5)	(2)	28	45	50	52
Pre-tax profit	<u>(15)</u>	<u>(5)</u>	<u>126</u>	<u>223</u>	<u>238</u>	<u>242</u>
Pre-tax profit %	<u>-65.2%</u>	<u>-1.4%</u>	<u>15.1%</u>	<u>23.5%</u>	<u>21.8%</u>	<u>20.6%</u>
Taxes	-	(3)	38	82	87	90
Net Income	<u>\$ (15)</u>	<u>\$ (2)</u>	<u>\$ 88</u>	<u>\$ 141</u>	<u>\$ 151</u>	<u>\$ 152</u>
Depreciation	<u>4</u>	<u>25</u>	<u>27</u>	<u>39</u>	<u>38</u>	<u>45</u>
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

Global Crankshaft Services Ltd.
A Subsidiary of Mitchell, Shackleton & Co. LTD.
Balance Sheet
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual June 30, 1998	Actual June 30, 1999	Forecast June 30, 2000	Forecast June 30, 2001	Forecast June 30, 2002	Forecast June 30, 2003
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	24	87	72	259	281	292
Intercompany receivable	(20)	-	-	-	-	-
Inventories:						
Work in process	-	3	-	-	-	-
Supplies	-	-	5	-	-	-
Total Inventories	0	3	5	0	0	0
Prepaid expenses	9	2	2	3	4	4
Total Current Assets	13	92	79	262	285	296
Property, Plant and Equipment - net	120	93	198	272	364	449
Deferred Income Taxes	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Goodwill	77	68	62	54	46	38
TOTAL ASSETS	\$ 210	\$ 253	\$ 339	\$ 588	\$ 695	\$ 783
LIABILITIES						
Current Liabilities:						
Notes payable	\$ 12	\$ 52	\$ 62	\$ 190	\$ 277	\$ 353
Current portion of long term debt	-	-	-	-	-	-
Accounts payable	50	44	55	102	117	128
Salaries, wages and commissions	-	-	-	-	-	-
Accrued taxes on income	-	(2)	38	75	81	83
Accrued pension	-	-	-	-	-	-
Customer deposits	-	24	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
Total Current Liabilities	62	118	155	367	475	564
Long Term Debt	-	-	-	-	-	-
Pension and Other Noncurrent Liabilities	-	-	-	-	-	-
Postretirement and Postemployment Benefits	-	-	-	-	-	-
Other Than Pensions	-	-	-	-	-	-
Intercompany Payables	-	-	-	-	-	-
TOTAL LIABILITIES	62	118	155	367	475	564
Minority interest	32	35	62	81	100	120
SHAREHOLDERS' EQUITY						
Common Stock	125	125	125	125	125	125
Additional Paid in Capital	0	0	0	0	0	0
Retained Earnings (Deficit)	(15)	(17)	39	23	35	73
Foreign Currency Translation Adjustment	6	(8)	(42)	(8)	(40)	(99)
TOTAL SHAREHOLDERS' EQUITY	116	100	122	140	120	99
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY	\$ 210	\$ 253	\$ 339	\$ 588	\$ 695	\$ 783
WORKING CAPITAL	\$ (49)	\$ (26)	\$ (76)	\$ (105)	\$ (190)	\$ (268)
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

Global Crankshaft Services Ltd.
A Subsidiary of Mitchell, Shackleton & Co. LTD.
Statement of Cash Flows
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Cash Flows From Operating Activities:						
Net income (loss)	(\$15)	(\$2)	\$88	\$141	\$151	\$152
Adjustment to reconcile net income to net cash provided by operating activities:						
Depreciation	4	25	27	39	38	45
Amortization	2	8	8	8	8	8
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(24)	(63)	15	(187)	(22)	(11)
(Increase) decrease in inventories	0	(3)	(2)	5	0	0
(Increase) decrease in prepaid expenses	(9)	7	0	(1)	(1)	0
Increase (decrease) in accounts payable	50	(6)	11	47	15	11
Increase (decrease) in income taxes	0	(2)	40	37	6	2
Increase (decrease) in customer deposits	0	24	(24)	0	0	0
Increase (decrease) in all other current liabilities (excluding borrowings)	0	0	0	0	0	0
Other net	(47)	4	25	19	19	20
Net Cash Provided By (Used For) Operating Activities	(39)	(8)	188	108	214	227
Cash Flows From Investing Activities:						
(Additions) reductions of property, plant and equipment	(124)	0	(130)	(113)	(130)	(130)
Net Cash Used In Investing Activities	(124)	0	(130)	(113)	(130)	(130)
Cash Flows From Financing Activities:						
Additional (repayment of) borrowings	12	40	(20)	158	87	76
Issuance of stock	125	0	0	0	0	0
Dividend payment	0	0	(32)	(186)	(199)	(206)
Increase (decrease) in intercompany account	20	(20)	0	0	0	0
Net Cash Provided By Financing Activities	157	20	(52)	(28)	(112)	(130)
Change in cumulative foreign currency translation adjustment	6	(12)	(6)	33	28	33
Increase (Decrease) In Cash And Cash Equivalents	\$0	\$0	\$0	\$0	\$0	\$0

North West Forgemasters Ltd.
Results of Operations
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual 5 months FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Sales-customers	\$ 2,551	\$ 4,693	\$ 3,875	\$ 4,888	\$ 5,670	\$ 6,237
Sales-intercompany	-	5	2	-	-	-
Net Sales	<u>\$ 2,551</u>	<u>\$ 4,698</u>	<u>\$ 3,877</u>	<u>\$ 4,888</u>	<u>\$ 5,670</u>	<u>\$ 6,237</u>
Cost of sales:						
Material	1,349	2,503	1,956	2,529	2,907	3,201
Labor	166	269	282	359	413	455
Overhead	244	482	418	501	577	635
Errors and defects	-	-	-	-	-	-
Cost of sales	<u>1,759</u>	<u>3,254</u>	<u>2,656</u>	<u>3,389</u>	<u>3,897</u>	<u>4,291</u>
Gross profit	<u>792</u>	<u>1,444</u>	<u>1,221</u>	<u>1,499</u>	<u>1,773</u>	<u>1,946</u>
Gross Profit %	31.0%	30.7%	31.5%	30.7%	31.3%	31.2%
Selling and Administrative	408	699	663	793	866	893
Operating profit	<u>384</u>	<u>745</u>	<u>558</u>	<u>706</u>	<u>907</u>	<u>1,053</u>
Operating Profit %	15.1%	15.9%	14.4%	14.4%	16.0%	16.9%
Other expense (income)	(3)	-	-	-	-	-
Interest expense	-	4	41	61	95	79
Pre-tax profit	<u>387</u>	<u>741</u>	<u>517</u>	<u>645</u>	<u>812</u>	<u>974</u>
Pre-tax profit %	<u>15.2%</u>	<u>15.8%</u>	<u>13.3%</u>	<u>13.2%</u>	<u>14.3%</u>	<u>15.6%</u>
Taxes	127	185	88	97	122	146
Net Income	<u>\$ 260</u>	<u>\$ 556</u>	<u>\$ 429</u>	<u>\$ 548</u>	<u>\$ 690</u>	<u>\$ 828</u>
Depreciation	<u>\$ 28</u>	<u>\$ 50</u>	<u>\$ 61</u>	<u>\$ 65</u>	<u>\$ 113</u>	<u>\$ 121</u>
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

North West Forgemasters Ltd.
 Balance Sheet
 Strategic Long Range Forecast (B)
 (dollars in thousands)

	Actual June 30, 1998	Actual June 30, 1999	Forecast June 30, 2000	Forecast June 30, 2001	Forecast June 30, 2002	Forecast June 30, 2003
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	1,551	789	1,119	1,200	1,480	1,612
Intercompany receivable	337	961	988	988	988	988
Inventories:						
Work in process	374	115	184	139	197	243
Raw materials	-	-	-	-	-	-
Supplies	145	162	138	138	138	138
Total Inventories	519	277	322	277	335	381
Prepaid expenses	-	-	-	-	-	-
Total Current Assets	2,407	2,027	2,429	2,465	2,803	2,981
Property, Plant and Equipment - net	522	475	485	501	874	834
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,929	\$ 2,502	\$ 2,914	\$ 2,966	\$ 3,677	\$ 3,815
LIABILITIES						
Current Liabilities:						
Notes payable	\$ 228	\$ 164	\$ 800	\$ 810	\$ 810	\$ 810
Current portion of long term debt	-	-	-	-	81	81
Accounts payable	1,046	640	745	843	944	977
Accrued taxes on income	245	347	232	282	404	475
Other accrued liabilities	90	28	27	28	26	30
Total Current Liabilities	1,609	1,179	1,804	1,963	2,265	2,373
Long Term Debt	-	-	-	-	247	167
Pension and Other Noncurrent Liabilities	-	-	-	-	-	-
Postretirement and Postemployment Benefits						
Other Than Pensions	-	-	-	-	-	-
Intercompany Payables	-	-	-	-	-	-
TOTAL LIABILITIES	1,609	1,179	1,804	1,963	2,512	2,540
SHAREHOLDERS' EQUITY						
Common Stock	2	2	2	2	2	2
Additional Paid in Capital	1,004	1,004	1,004	1,004	1,004	1,004
Retained Earnings (Deficit)	299	386	131	24	185	294
Foreign Currency Translation Adjustment	15	(69)	(27)	(27)	(26)	(25)
TOTAL SHAREHOLDERS' EQUITY	1,320	1,323	1,110	1,003	1,165	1,275
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY	\$ 2,929	\$ 2,502	\$ 2,914	\$ 2,966	\$ 3,677	\$ 3,815
WORKING CAPITAL	\$ 798	\$ 848	\$ 625	\$ 502	\$ 538	\$ 608
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

North West Forgemasters Ltd.
Statement of Cash Flows
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Cash Flows From Operating Activities:						
Net income (loss)	\$260	\$556	\$429	\$548	\$690	\$828
Adjustment to reconcile net income to net cash provided by operating activities:						
Depreciation	28	50	61	65	113	121
Deferred taxes	(315)	0	0	0	0	0
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	49	762	(330)	(81)	(280)	(132)
(Increase) decrease in inventories	(8)	242	(45)	45	(58)	(46)
(Increase) decrease in prepaid expenses	0	0	0	0	0	0
Increase (decrease) in accounts payable	(340)	(406)	105	98	101	33
Increase (decrease) in income taxes	245	102	(115)	50	122	71
Increase (decrease) in customer deposits	0	0	0	0	0	0
Increase (decrease) in all other current liabilities (excluding borrowings)	49	(62)	(1)	1	(2)	4
Other net	0	0	0	0	0	0
Net Cash Provided By (Used For) Operating Activities	(32)	1,244	104	726	686	879
Cash Flows From Investing Activities:						
(Additions) reductions of property, plant and equipment	(20)	(54)	(60)	(81)	(486)	(81)
Net Cash Used In Investing Activities	(20)	(54)	(60)	(81)	(486)	(81)
Cash Flows From Financing Activities:						
Additional (repayment of) borrowings	228	(64)	636	10	328	(80)
Dividend payment	0	(469)	(684)	(655)	(529)	(719)
Increase (decrease) in intercompany account	(340)	(624)	(27)	0	0	0
Net Cash Provided By Financing Activities	(112)	(1,157)	(75)	(645)	(201)	(799)
Change in cumulative foreign currency translation adjustment	15	(33)	31	0	1	1
Increase (Decrease) In Cash And Cash Equivalents	(\$149)	\$0	\$0	\$0	\$0	\$0

National Forge Europe, Ltd.
Results of Operations
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual 5 months FY 1998	Actual FY1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Sales-customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividend income	0	469	684	795	678	874
Net Sales	<u>\$ 0</u>	<u>\$ 469</u>	<u>\$ 684</u>	<u>\$ 795</u>	<u>\$ 678</u>	<u>\$ 874</u>
Cost of sales:						
Material	0	0	0	0	0	0
Labor	-	-	-	-	-	-
Overhead	-	-	-	-	-	-
Errors and defects	-	-	-	-	-	-
Cost of sales	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Gross profit	<u>-</u>	<u>469</u>	<u>684</u>	<u>794</u>	<u>678</u>	<u>873</u>
Gross Profit %	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Selling and Administrative	23	22	55	55	54	54
Operating profit	<u>(23)</u>	<u>447</u>	<u>629</u>	<u>739</u>	<u>624</u>	<u>819</u>
Operating Profit %	0.0%	95.3%	92.0%	93.1%	92.0%	93.8%
Other expense (income)	126	303	296	297	297	297
Interest expense	206	432	299	265	265	265
Pre-tax profit	<u>(355)</u>	<u>(288)</u>	<u>34</u>	<u>177</u>	<u>62</u>	<u>257</u>
Taxes	<u>(76)</u>	<u>(138)</u>	<u>(106)</u>	<u>(96)</u>	<u>(96)</u>	<u>(96)</u>
Net Income	<u>\$ (279)</u>	<u>\$ (150)</u>	<u>\$ 140</u>	<u>\$ 273</u>	<u>\$ 158</u>	<u>\$ 353</u>
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

National Forge Europe, Ltd.
Including Only North West Forgemasters Ltd.
Results of Operations
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual 5 months FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Sales-customers	\$ 2,551	\$ 4,693	\$ 3,875	\$ 4,888	\$ 5,670	\$ 6,237
Sales-intercompany	-	5	2	-	-	-
Net Sales	<u>\$ 2,551</u>	<u>\$ 4,698</u>	<u>\$ 3,877</u>	<u>\$ 4,888</u>	<u>\$ 5,670</u>	<u>\$ 6,237</u>
Cost of sales:						
Material	1,349	2,503	1,956	2,529	2,907	3,201
Labor	166	269	282	359	413	455
Overhead	244	482	418	501	577	635
Errors and defects	-	-	-	-	-	-
Cost of sales	<u>1,759</u>	<u>3,254</u>	<u>2,656</u>	<u>3,389</u>	<u>3,897</u>	<u>4,291</u>
Gross profit	<u>792</u>	<u>1,444</u>	<u>1,221</u>	<u>1,499</u>	<u>1,773</u>	<u>1,946</u>
Gross Profit %	31.0%	30.7%	31.5%	30.7%	31.3%	31.2%
Selling and Administrative	431	721	718	848	920	947
Operating profit	<u>361</u>	<u>723</u>	<u>503</u>	<u>651</u>	<u>853</u>	<u>999</u>
Operating Profit %	14.2%	15.4%	13.0%	13.3%	15.0%	16.0%
Other expense (income)	123	303	296	297	297	297
Interest expense	206	436	340	326	360	344
Pre-tax profit	<u>32</u>	<u>(16)</u>	<u>(133)</u>	<u>28</u>	<u>196</u>	<u>358</u>
Taxes	51	47	(18)	1	26	50
Net Income	<u>\$ (19)</u>	<u>\$ (63)</u>	<u>\$ (115)</u>	<u>\$ 27</u>	<u>\$ 170</u>	<u>\$ 308</u>
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

National Forge Europe, LLC
A Subsidiary of National Forge Company

Balance Sheet
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual June 30, 1998	Actual June 30, 1999	Forecast June 30, 2000	Forecast June 30, 2001	Forecast June 30, 2002	Forecast June 30, 2003
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ -	30	\$ -	\$ -	\$ -	\$ -
Restricted escrow	192	237	510	-	-	-
Accounts receivable	-	2	-	-	-	-
Intercompany receivable	(385)	-	-	-	-	-
Inventories:						
Work in process	-	-	-	-	-	-
Raw materials	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Total Inventories	0	0	0	0	0	0
Prepaid expenses	3	3	-	-	-	-
Total Current Assets	(190)	272	510	0	0	0
Property, Plant and Equipment - net	-	-	-	-	-	-
Investment in Subsidiaries	5,108	5,108	5,108	5,108	5,108	5,108
Other Assets	-	-	-	-	-	-
Goodwill	5,955	5,342	5,281	4,984	4,687	4,390
TOTAL ASSETS	\$ 10,873	\$ 10,722	\$ 10,899	\$ 10,092	\$ 9,795	\$ 9,498
LIABILITIES						
Current Liabilities:						
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long term debt	911	924	1,071	706	706	706
Accounts payable	95	35	64	64	64	64
Accrued taxes on income	(76)	(152)	(266)	(458)	(554)	(650)
Other accrued liabilities	-	-	-	-	-	-
Total Current Liabilities	930	807	869	312	216	120
Long Term Debt	4,509	3,521	3,170	2,320	1,614	908
Pension and Other Noncurrent Liabilities	-	-	-	-	-	-
Postretirement and Postemployment Benefits	-	-	-	-	-	-
Other Than Pensions	-	-	-	-	-	-
Intercompany Payables	-	1,107	1,335	1,675	2,023	2,174
TOTAL LIABILITIES	5,439	5,435	5,374	4,307	3,853	3,202
SHAREHOLDERS' EQUITY						
Common Stock	5,709	5,709	5,709	5,709	5,709	5,709
Additional Paid in Capital	0	0	0	0	0	0
Retained Earnings (Deficit)	(279)	(429)	(289)	(15)	143	496
Foreign Currency Translation Adjustment	4	7	105	91	91	90
TOTAL SHAREHOLDERS' EQUITY	5,434	5,287	5,525	5,785	5,942	6,296
TOTAL LIABILITIES, PREFERRED STOCK AND EQUITY	\$ 10,873	\$ 10,722	\$ 10,899	\$ 10,092	\$ 9,795	\$ 9,498
WORKING CAPITAL	\$ (1,120)	\$ (535)	\$ (359)	\$ (312)	\$ (216)	\$ (120)
Exchange rate	1.65	1.62	1.62	1.62	1.62	1.62

National Forge Europe Ltd.
A Subsidiary of National Forge Company
Statement of Cash Flows
Strategic Long Range Forecast (B)
(dollars in thousands)

	Actual FY 1998	Actual FY 1999	Forecast FY2000	Forecast FY2001	Forecast FY2002	Forecast FY2003
Cash Flows From Operating Activities:						
Net income (loss)	(\$279)	(\$150)	\$140	\$273	\$158	\$353
Adjustment to reconcile net income to net cash provided by operating activities:						
Depreciation	0	0	0	0	0	0
Amortization	0	303	296	297	297	297
Change in assets and liabilities:						
(Increase) decrease in restricted escrow	0	(45)	(273)	510	0	0
(Increase) decrease in accounts receivable	0	(2)	2	0	0	0
(Increase) decrease in inventories	0	0	0	0	0	0
(Increase) decrease in prepaid expenses	(3)	0	3	0	0	0
Increase (decrease) in accounts payable	95	(60)	29	0	0	0
Increase (decrease) in income taxes	(76)	(76)	(114)	(192)	(96)	(96)
Increase (decrease) in customer deposits	0	0	0	0	0	0
Increase (decrease) in all other current liabilities (excluding borrowings)	0	0	0	0	0	0
Other net	1,502	310	(235)	0	0	0
Net Cash Provided By (Used For) Operating Activities	1,239	280	(152)	889	359	554
Cash Flows From Investing Activities:						
(Additions) reductions of property, plant and equipment	(7,048)	0	0	0	0	0
Net Cash Used In Investing Activities	(7,048)	0	0	0	0	0
Cash Flows From Financing Activities:						
Additional (repayment of) borrowings	5,420	(975)	(204)	(1,215)	(706)	(706)
Increase (decrease) in intercompany account	385	722	228	340	347	152
Net Cash Provided By Financing Activities	5,805	(253)	24	(875)	(359)	(554)
Change in cumulative foreign currency translation adjustment	4	3	98	(14)	(0)	(0)
Increase (Decrease) In Cash And Cash Equivalents	\$0	\$30	(\$30)	\$0	\$0	\$0